

Henry County Telephone Company Exhibit 1.0

Direct Testimony

Of

Scott Rubins

For Henry County Telephone Company

(ICC Docket Nos. 00-0233 and 00-0335)

Q. Please state your name and business address.

A. My name is Scott Rubins, and my business address is 111 East First Street,
Geneseo, Illinois 61254.

Q. On what company's behalf is this testimony submitted?

A. This testimony is submitted on behalf of Henry County Telephone Company.

Q. What position do you hold with Henry County Telephone Company?

A. I am Operational Manager of Henry County Telephone Company.

Q. Have you prepared the Illinois Universal Service Funding calculations for Henry
County Telephone Company using the format agreed to by the Staff and the
IITA?

A. Yes, I have. It is attached as Schedule 1.01 to Henry County Telephone Company
Exhibit 1.0 and consists of three pages.

32 Q. Did you complete Henry County Telephone Company Exhibit 1.0, Schedule 1.01
33 in accordance with the instructions and based on Henry County Telephone
34 Company's ICC Form 23A filed by the Company with the Commission for the
35 year ended December 31, 2000?

36 A. Yes, that is correct.

37

38 Q. Does Schedule 1.01 to Henry County Telephone Company Exhibit 1.0 contain
39 any adjustments?

40 A. No, it does.

41

42 Q. Based on the responses and content of Henry County Telephone Company
43 Exhibit 1.0, Schedule 1.01, is Henry County Telephone Company providing the
44 Staff with certain additional documents?

45 A. Yes. We are providing the Staff with a copy of Henry County Telephone
46 Company's December 31, 2000 Trial Balance.

47

48 Q. Have you provided the requisite information from Henry County Telephone
49 Company Exhibit 1.0, Schedule 1.01 to Mr. Schoonmaker for his use in compiling
50 the composite results for all companies seeking funding in connection with his
51 Supplemental Direct Testimony?

52 A. Yes, I have.

53

54 Q. Is Schedule 1.01 to Henry County Telephone Company Exhibit 1.0 true and
55 correct to the best of your knowledge, information and belief?

56 A. Yes, it is.

57

58 Q. Does that conclude your Direct Testimony on behalf of Henry County Telephone
59 Company?

60 A. Yes, it does.

Henry County Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000

Line #	Description	Source	Amount	Adjustments	Adjusted Amount
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 702,737	\$ -	\$ 702,737
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-	-	-
3	Customer Deposits	Form 23A, P 8, 4040	3,640	-	3,640
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	266,880	-	266,880
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			432,217
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	1,280,365	-	1,280,365
8	Less: Depreciation Expense	Form 23A, P 13, 6560	260,849	-	260,849
9	Total WC Operating Expense	line 7 - line 8	1,019,516	-	1,019,516
10	WC OE Requirement	line 9 * 45 / 360			127,440
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			127,440
13	Total Rate Base	line 5 + line 12			559,657
14	Total Operating Revenues	Form 23A, P 11, Total	1,210,853	-	1,210,853
15	Less: Illinois High Cost Fund		21,444	-	21,444
16	Net Operating Revenues	line 14 - line 15	1,189,409	-	1,189,409
17	Total Operating Expenses	Form 23A, P 14, Total	1,280,365	-	1,280,365
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	2,358	-	2,358
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	(93,314)	-	(93,314)
21	Income Tax Expense	line 34			(36,149)
22	Net Operating Income	line 20 - line 21			(57,165)
23	Return on Rate Base	line 22 / line 13			-10.21%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			62,738
26	Adj to Achieve Target Return on RB	line 25 - line 22			119,903
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			195,730
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			(93,314)
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			(6,700)
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			(86,614)
33	Federal Income Tax Expense	line 32 * 34.00%			(29,449)
34	Total Imputed Income Tax Expense	line 31 + line 33			(36,149)
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

Henry County Telephone Company
 Illinois Universal Service Funding Calculation
 Based upon ICC Form 23A Report Data for December 31, 2000
 Material & Supplies Worksheet and Other Information

Line #

1	December-99	\$0
2	January-00	\$0
3	February-00	\$0
4	March-00	\$0
5	April-00	\$0
6	May-00	\$0
7	June-00	\$0
8	July-00	\$0
9	August-00	\$0
10	September-00	\$0
11	October-00	\$0
12	November-00	\$0
13	December-00	\$0
14	13 Month Average	\$0

Sale/Lease Back Arrangement
☒

The company does not have any sale(s)/lease back arrangement.

☐

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates
☒

The company does not have any lease agreements with affiliates.

☐

The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

Henry County Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000
Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 227,311
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 244,176
3	State Access Revenues	Trial Balance 12/31/00	\$ 163,503
4	State High Cost Support	Exhibit X, Line 15	\$ 21,444
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 16,953
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 673,387
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 72,934
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 152,189
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 181,212
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 28,037
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 434,372
12	Misc Revenues	Trial Balance 12/31/00	\$ 103,094
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 1,210,853</u>